

## The Board of Directors' proposal on (A) implementation of a long-term incentive programme and (B) hedging measures related thereto

The Board of Directors of Bufab AB (publ) proposes that the Annual General Meeting resolves on a long-term share-based incentive programme ("**LTI 2025/2028**" or the "**Programme**") for senior executives in the Bufab Group.

Since 2017, Bufab's Annual General Meeting has resolved on annual incentive programmes based on call options. Prior to the Annual General Meeting 2025, the Board of Directors has, through the Remuneration Committee and in consultation with external advisors, conducted a detailed evaluation of the previous incentive programmes and alternative programmes, as well as analysed and compared programmes of other listed companies. Based on this evaluation, the Board of Directors has resolved to propose to the Annual General Meeting 2025 the adoption of a new incentive programme, LTI 2025/2028, which is a performance-based share savings programme. As with the Company's previous incentive programmes, participation in LTI 2025/2028 will require a personal investment by the participant, which aims to align the interests of employees and shareholders and thereby ensure maximum long-term value creation. Based on the achievement of certain pre-determined performance conditions, participants in LTI 2025/2028 will, at the end of the programme period, free of charge, receive a number of performance shares, which is intended to motivate employees to increase the value of the Company through performance during the programme period. The Programme is also intended to facilitate the recruitment and retention of key employees and to create a long-term focus on the Company's performance and growth among the participants.

### (A) Resolution on the implementation of LTI 2025/2028

- i. LTI 2025/2028 shall comprise of 20 senior executives within the Bufab Group, divided into three categories: the CEO of Bufab ("**Category 1**"), other members of the group management (currently 7 persons) ("**Category 2**"), and CEOs of Bufab's subsidiaries and certain other pre-identified key persons (12 persons) ("**Category 3**").
- ii. In order to participate in LTI 2025/2028, the participants are required to acquire and allocate shares in Bufab to the Programme, or allocate shares already held in Bufab to the Programme (the "**Investment Shares**").
- iii. The allocation of Investment Shares to LTI 2025/2028 shall be made no later than 14 June 2025. If a participant enter into employment after 14 June 2025 or if a participant possess inside information and is therefore prevented from acquiring Investment Shares within this period, the Board of Directors shall be entitled to extend or postpone the final date for allocation of Investment Shares to the Programme in individual cases, but not later than 31 December 2025. The reason why the allocation period may be extended for these participants, which means that the time between the start and the end of the Vesting Period (as defined below) may be less than three years, is to enable the Company to offer competitive remuneration in order to attract and retain employees, both in the Swedish and international market.
- iv. For each Investment Share, the participants have the possibility to, free of charge, either by Bufab, by another company in the Bufab Group or by a designated third party, be allotted shares in accordance with the terms set out in Section vi., subject to continued employment and that the participant has retained the Investment Shares over the entire Vesting Period (as defined below) and the fulfilment of certain performance conditions (as further described in Section viii.) (the "**Performance Shares**").
- v. The Performance Shares will be allocated after the expiry of the vesting period, which runs from and including 15 June 2025 up to and including 15 June 2028, or from the later date on which the participant allocates Investment Shares to LTI 2025/2028 in accordance with Section iii. (the "**Vesting Period**").

- vi. The following categories of participants may allocate the following maximum number of Investment Shares in LTI 2025/2028, with the possibility of being allotted the following number of Performance Shares per Investment Share and the total maximum number of Performance Shares.<sup>1</sup>

Category	Maximum number of Investment Shares (per participant)*	Maximum number of Performance Shares per Investment Share	Total maximum number of Performance Shares (per participant)
Category 1	16,000	7	112,000
Category 2	4,750	5	23,750
Category 3	2,000	4	8,000

\* The maximum number of Investment Shares at the time of this proposal corresponds in value to approximately 17-25 per cent of the executive's fixed annual salary.

- vii. LTI 2025/2028 shall comprise a maximum of 516,547<sup>2</sup> shares in Bufab, of which a maximum of 374,250 Performance Shares. The remaining 142,297 shares are such shares that may be transferred by Bufab in order to cover cash flow effects associated with LTI 2025/2028, primarily social security contributions.
- viii. The allotment of Performance Shares is subject to the achievement of performance conditions relating to (a) Bufab's EBITA growth, where EBITA (as reported) for the financial year 2024 is compared to EBITA (as reported) for the financial year 2027, which is weighted 80%, and (b) absolute compounded TSR<sup>3</sup> for the Bufab share between May 2025 and May 2028, which is weighted 20% (the "**Performance Conditions**").
- ix. The Performance Conditions include a minimum level which must be achieved for any allocation of Performance Shares and a maximum level in excess of which no additional Performance Shares will be allocated. If the Performance Conditions are achieved between the minimum level and the maximum level, linear allotment shall be made.
- x. The minimum and maximum levels of the Performance Conditions will be set by the Board of Directors prior to commencement of the Programme. These conditions are considered commercially sensitive and will be disclosed retrospectively. Information about the minimum and maximum levels, as well as the outcome of the Performance Conditions, will be presented in the annual report for the financial year 2028.
- xi. The allotment of Performance Shares is, subject to the below, conditional upon the participant retaining the Investment Shares and employment within the Bufab Group over the entire Vesting Period, unless good leaver rules apply. The allotment of Performance Shares to a so called good leaver will be proportionately adjusted for time served during the Vesting Period and the extent to which the Performance Conditions have been achieved by the time of termination of employment. Investment Shares disposed prior to the end of the Vesting Period

<sup>1</sup> The maximum number of Investment Shares (per participant), the maximum number of Performance Shares per Investment Share and the total maximum number of Performance Shares (per participant) assumes that the Annual General Meeting resolves on a 5:1 share split in accordance with item 18 on the agenda. In the event that the Annual General Meeting does not resolve on a share split in accordance with the proposal, the following shall apply in relation to each category.  
Category 1: 3,200, 7 and 22,400.  
Category 2: 950, 5 and 4,750.  
Category 3: 400, 4 and 1,600.

<sup>2</sup> The maximum total number of shares assumes that the Annual General Meeting resolves on a share split of 5:1 shares in accordance with agenda item 18. In the event that the Annual General Meeting does not resolve on a share split in accordance with the proposal, the total number of shares shall amount to a maximum of 103,309 shares, of which a maximum of 74,850 Performance Shares and 28,459 shares to cover cash flow effects associated with social security contributions.

<sup>3</sup> Total Shareholder Return, where the initial share value is calculated as the volume weighted average price during 10 trading days as from and including 19 May 2025 and the ending share value is calculated as the volume weighted average price during 10 trading days as from and including 15 May 2028, added with any dividends distributions during the period.

shall not be included in the calculation for determining the allotment of Performance Shares.

- xii. The number of Performance Shares shall be subject to recalculation in the event of any intervening bonus issue, split, reverse split, rights issue and/or similar corporate events. In the event of a split, reverse split, merger or demerger, the TSR scale shall be subject to adjustment.

#### *Preparation and administration*

The Board of Directors shall be responsible for the detailed design and administration of the Programme within the framework of the above main terms and conditions. Participation in LTI 2025/2028 presupposes that such participation is legally possible in the various jurisdictions concerned and that the administrative costs and financial efforts are reasonable in the opinion of the Board of Directors. The Board of Directors shall be entitled to make such local and other adjustments to the Programme as it deems necessary or appropriate to establish and implement the Programme at reasonable administrative costs and with reasonable financial efforts or due to specific rules or market conditions, such as deviating from the investment requirement and/or offering cash settlement to participants.

The Board of Directors shall be entitled to make adjustments to the terms and conditions of LTI 2025/2028, if it so deems appropriate, should changes occur in the Company or its operating environment that would entail that the terms and conditions of LTI 2025/2028 are no longer appropriate or in line with the original purpose. Such adjustments shall only be made to fulfil the main objectives of LTI 2025/2028.

The Board of Directors shall be entitled to reduce the number of Performance Shares that are subject to allotment or, wholly or partially, terminate LTI 2025/2028 in advance if significant changes in the Bufab Group or in the market occurs which, in the opinion of the Board of Directors, would result in a situation where the conditions for allotment of Performance Shares become unreasonable. Such adjustments also include the right of the Board of Directors to resolve on a reduction of the allotment of Performance Shares if the allotment would be clearly unreasonable, taking into account Bufab's results and financial position, the group's development in general and the conditions on the stock market. In the event that allotment of Performance Shares has been made based on misstated information, or if actions have been taken by a participant which could result in material damage to the Bufab Group's reputation, the Board of Directors may resolve to reclaim whole or part of the Performance Shares allotted to such participant.

In the event of a public takeover bid, sale of the Company's business, liquidation, merger or similar events, the Board of Directors shall be entitled to resolve that the Performance Shares shall be (fully or partially) vested and be allotted in connection with the completion of such transaction. The Board of Directors shall make this decision based on the level of achievement of the Performance Conditions, the remainder of the Vesting Period and other factors deemed relevant by the Board of Directors.

#### *Estimated costs and impact on key figures<sup>4</sup>*

The costs for LTI 2025/2028, which are reported in the income statement, are calculated in accordance with the accounting standard IFRS 2 and are accrued over the Vesting Period. Assuming (i) a share price for Bufab's shares of SEK 435 at the implementation of LTI 2025/2028 (corresponding to the closing price on 14 March 2025), (ii) an annual share price increase for Bufab's share of 15 per cent, (iii) 100 per cent achievement of the Performance Conditions and allotment of the maximum number of Performance Shares, (iv) that all 20 participants allocate the maximum number of Investment Shares to the Programme, and (v) average social security contributions of 25 per cent, the total costs for the Programme in accordance with IFRS 2 are estimated to amount to approximately SEK 44.8 million, of which approximately SEK 12.3 million relates to social security contributions, which would affect earnings per share by SEK -0.34 for 2024.

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<sup>4</sup> The cost estimates are based on a share price for the Bufab share before the Annual General Meeting has resolved on a 5:1 share split in accordance with item 18 on the agenda and before such share split has been implemented. However, the implementation of the share split is not expected to have any material impact on the cost estimate.

Assuming (i) an annual share price increase for Bufab's share of 10 per cent and (ii) 50 per cent achievement of the Performance Conditions and allotment of half of the maximum number of Performance Shares (all other things being equal), the total costs of the Programme in accordance with IFRS 2 are estimated to amount to approximately SEK 21.6 million, of which approximately SEK 5.4 million relates to social security contributions, which would affect earnings per share by SEK -0.17 for 2024.

The Board of Directors considers that the positive effects on earnings expected to arise from senior executives increasing their shareholding in Bufab through LTI 2025/2028 outweigh the costs attributable to LTI 2025/2028.

#### *Hedging measures and dilution*

The Board of Directors proposes that the Annual General Meeting as a main alternative resolves that the company's obligations under LTI 2025/2028 are fulfilled through acquisition and transfer of own shares in accordance with item (B).I below. In the event that the required majority for item (B).I below cannot be met, the Board of Directors proposes that Bufab shall be able to enter into a so-called equity swap agreement with a third party, in accordance with item (B).II below. None of the hedging alternatives entail any increase in the number of existing shares in the Company and consequently no dilution effect in the number of issued shares will arise for existing shareholders.

LTI 2025/2028 comprises a maximum of 516,547 shares in Bufab, corresponding to approximately 0.19 per cent of the total number of outstanding shares in the Company. The effects on key figures and earnings per share are therefore marginal.

#### **(B) Hedging measures in respect of LTI 2025/2028**

##### *I. Resolution on authorisation for the Board of Directors to resolve on acquisition of own shares and resolution on transfer of own shares*

In order to ensure Bufab's delivery of Performance Shares to the participants in the Programme and any future incentive programmes, as well as to secure the payment of future social security contributions attributable to the delivery of Performance Shares, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to resolve on acquisition of own shares as follows.

- i. A maximum of 516,547<sup>5</sup> own shares may be acquired.
- ii. Acquisition of shares may only be made on Nasdaq Stockholm.
- iii. Acquisitions shall be made at a price within the price interval applicable from time to time on Nasdaq Stockholm, i.e. the interval between the highest buying price and the lowest selling price.
- iv. Acquisitions shall be paid for in cash.
- v. The authorisation may be exercised on one or more occasions until the next Annual General Meeting.

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<sup>5</sup> The maximum number of shares that may be acquired assumes that the Annual General Meeting resolves on a share split 5:1 in accordance with item 18 on the agenda. In the event that the Annual General Meeting does not resolve on a share split in accordance with the proposal, the maximum number of own shares that may be acquired shall be 103,309 shares.

In order to ensure delivery of Performance Shares to the participants in LTI 2025/2028, the Board of Directors proposes that the Annual General Meeting resolves that the Company, with deviation from the shareholders' preferential rights, transfers own shares as follows.

- i. A maximum of 374,250<sup>6</sup> shares in Bufab may be transferred free of charge to participants in LTI 2025/2028.
- ii. The right to acquire shares in Bufab free of charge shall – with deviation from the shareholders' preferential rights – be granted to participants in LTI 2025/2028, with a right for each participant to acquire a maximum number of shares in accordance with the terms and conditions of LTI 2025/2028.
- iii. Transfers of shares in Bufab shall be made free of charge at the time and on the other terms and conditions that the participants in LTI 2025/2028 are entitled to be allotted Performance Shares.
- iv. The number of shares in Bufab that may be transferred under LTI 2025/2028 shall be subject to recalculation as a result of any intervening bonus issue, split, reverse split, rights issue and/or other similar corporate events.

The reason for the deviation from the shareholders' preferential rights is that Bufab wishes to implement the proposed LTI 2025/2028. Therefore, and in light of the above, the Board of Directors considers it to be beneficial to Bufab and the shareholders that the participants in LTI 2025/2028 are offered to become shareholders in Bufab.

Shares that have been acquired by the Company, and which are not transferred to participants in the Programme, may be transferred to participants in previous incentive programmes or future incentive programmes resolved by the General Meeting of the Company. Also, such shares acquired by the Company under previous incentive programmes may be transferred to participants in the Programme, in previous incentive programmes or in future incentive programmes resolved by the General Meeting. Transfers shall be made in accordance with the rules applicable to the relevant incentive programme.

Since LTI 2025/2028 is initially not expected to give rise to a need for cash settlement or payment of social security contributions, the Board of Directors has resolved not to propose to the Annual General Meeting 2025 to resolve on transfers of own shares on a regulated market to secure such payments in terms of liquidity. However, before any transfers of Bufab shares take place to participants in LTI 2025/2028 during spring 2028, the Board of Directors may propose to a later General Meeting to resolve that transfers may be made of own shares on a regulated market to secure such payments.

## *II. Equity swap agreement with a third party*

The Board of Directors proposes that the Annual General Meeting, in the event that the required majority for item (B).I above cannot be met, resolves to hedge the financial exposure that LTI 2025/2028 is expected to entail by enabling Bufab to enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party undertakes, in its own name and in exchange for a fee, to acquire and transfer shares in Bufab to the participants in accordance with the terms of the Programme.

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<sup>6</sup> The maximum number of shares that may be acquired assumes that the Annual General Meeting resolves on a share split 5:1 in accordance with item 18 on the agenda. In the event that the Annual General Meeting does not resolve on a share split in accordance with the proposal, the number of shares that may be transferred to participants in LTI 2025/2028 shall amount to a maximum of 74,850 shares.

**Majority requirements**

The resolution of the Annual General Meeting under item (A) above requires a majority of more than half of the votes cast. For a valid resolution under item (B).I above, the resolution must be supported by shareholders holding at least nine-tenths of both the votes cast and the shares represented at the meeting. A valid resolution in accordance with the proposal under item (B).II above requires a majority of more than half of the votes cast.

The resolution of the Annual General Meeting on LTI 2025/2028 under item (A) above is conditional upon the Annual General Meeting either resolving in accordance with the Board of Director's proposal under item (B).I above or in accordance with the Board of Director's proposal under item (B).II above.

Värnamo in March 2025  
Bufab AB (publ)  
The Board of Directors